

Top Secret 217

(Security Classification)

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NATIONAL INTELLIGENCE DAILY CABLE

Friday July 8, 1977

CG NIDC 77-157C



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NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

State Dept. review completed

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National Intelligence Daily Cable for Friday, July 8, 1977.

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The NID Cable is for the purpose of informing senior US officials.

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GUATEMALA-UK: Talks

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 //Tension along the Belize-Guatemala border increased markedly yesterday after the UK reinforced its defenses in Belize. Talks in Washington between the British and Guatemalans ended inconclusively yesterday, but both sides agreed to work toward easing the situation and to study proposals advanced during the two-day session.//

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[REDACTED] //The British have stationed a frigate off the Belize coast and have returned six Harrier VTOL fighters that were withdrawn last year. In addition, according to conflicting press reports, a significant number of VC-10 jet aircraft, with a maximum capacity of 150 men each, and C-130 Hercules transports have refueled at the US naval air station and the civilian airport in Bermuda and gone on to Belize. The slope of the airlift suggests that the reinforcements may total 2,000 to 3,000 men.//

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[REDACTED] //The British reinforcement came at a time when the US was urging Guatemala to refrain from military activity that could jeopardize the Washington talks. This, coupled with the British use of US refueling facilities in Bermuda, could result in new strains in US-Guatemalan relations.//

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[REDACTED] //The Guatemalans are aware of most of the British reinforcement effort and have labeled it a "provocation." The Guatemalan air force has been placed on alert and President Laugerud reportedly has ordered reinforcements rushed to the border area.//

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[REDACTED] //The British reinforcements probably assure that Guatemala could not launch a successful strike against any important site in Belize. The Guatemalans' national pride nevertheless has suffered a major blow. If the two governments cannot ease the military face-off, the Guatemalans might consider a ground strike for honor's sake against an objective of lesser military significance, or a series of guerrilla-type raids across the southern part of the border. A border incident, moreover, could cause an outbreak of hostilities despite higher level desires to ease tensions. [REDACTED]

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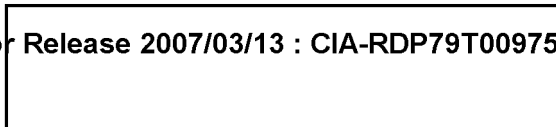
[REDACTED]

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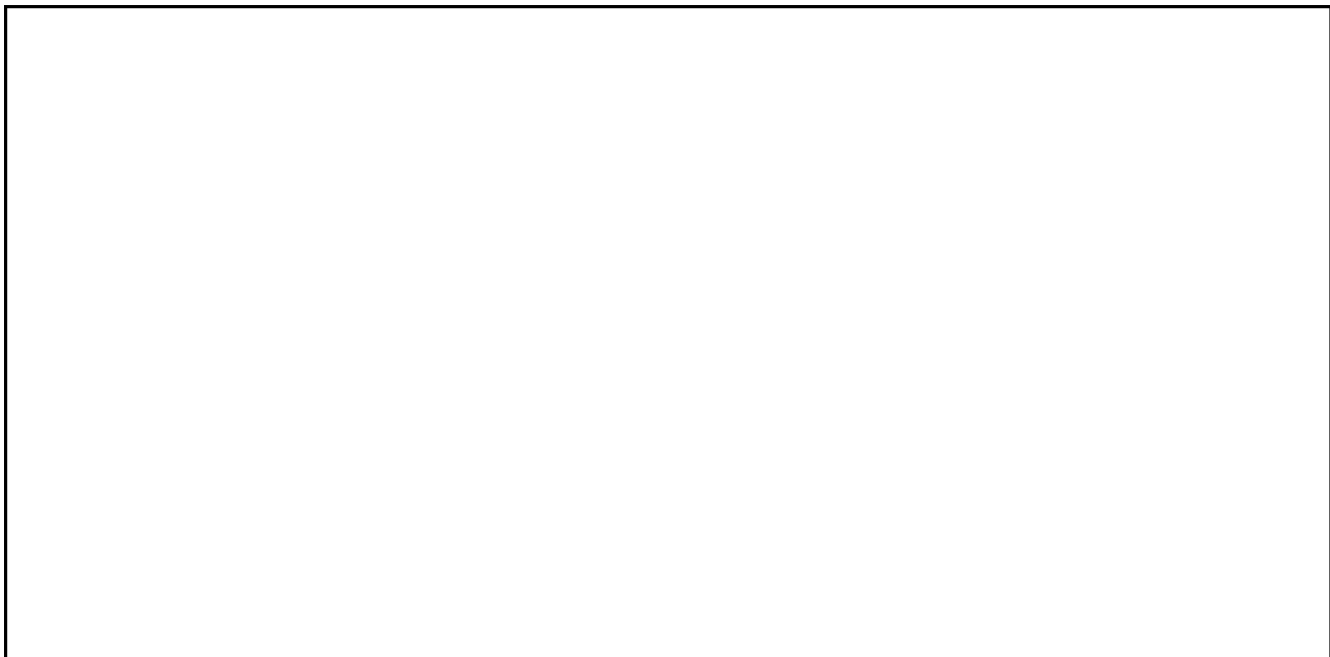
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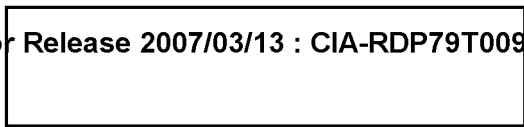


CHAD: Rebels

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25X1 [REDACTED]

25X1 [REDACTED] The tribal Muslims in Chad deeply resent the black southerners who inherited the colonial government from France in 1960. Active insurgency began in eastern Chad soon after France withdrew most of its troops in 1965. The insurgency later spread to the north and has continued intermittently since then in both areas.

25X1 [REDACTED] Chadian officials charge that the offensive in the north is an "escalation of Libyan expansionism," that Libyan troops disguised as mercenaries are assisting the rebels, and that Soviet equipment supplied by Libya is being used. At this week's meeting of the Organization of African Unity, Chad charged Libya with aggression and occupation of the "Aozou strip" along the northern border.

25X1 [REDACTED] Although we do not have information to confirm Libya's recent support to the rebels, Tripoli has assisted the dissidents for some years, and since 1973 has acted upon a territorial claim and occupied a zone across Chad's northern border.

25X1 [REDACTED] The French have mentioned the possibility that a number of Sahelian states concerned about Libyan expansionism--including Chad, Niger, Mali, and Mauritania--might form a defense pact which Morocco would be asked to underwrite. The French are probably quietly encouraging the formation of such a coalition just as they promoted the formation of a coalition of like-minded states to assist Zaire's President Mobutu. [REDACTED] 25X1

25X1 [REDACTED]

NAMIBIA - SOUTH AFRICA: Administrator Named

25X1 [REDACTED] South African Prime Minister John Vorster on Wednesday night named Judge Marthinus T. Steyn as administrator-general of Namibia. The announcement was somewhat of a surprise; Foreign Minister Botha earlier this week had declined to mention names or timing for the appointment.

25X1 [] Vorster probably took this action to present the western five-power contact group, which is seeking to conclude a Namibian settlement, with a fait accompli to ensure that South Africa's interests are fully protected. The administrator-general, who will be responsible directly to the South African government, will govern Namibia until after a representative government is elected with UN involvement. His interim rule is supposed to be carried out in close coordination with the UN.

25X1 [] Judge Steyn, 57, is not well known. He has served on the supreme court of the Orange Free State since 1974. The US embassy understands that he has no affiliation with the ruling National Party.

25X1 [] The naming of an administrator-general is the least of many obstacles that must be overcome before majority rule can be achieved in Namibia. The main nationalist group, the South-West Africa People's Organization, has opposed the South African action, and stated that free elections are impossible as long as any South Africa authority administers Namibia and South African military forces remain there.

25X1 [] Privately, SWAPO President Nujoma has indicated some flexibility regarding negotiations, but he has not been particularly eager to engage in early, concrete negotiations on settlement terms. []

INTERNATIONAL: Money Markets

25X1 [] *The West German mark and most leading West European currencies moved higher against the dollar yesterday. The mark reached a 28-month high against the dollar before retreating slightly to close at 2.30 marks to the dollar, up 1.5 percent from a week ago. The Swiss franc appreciated 1.6 percent in value over the dollar, and the Japanese yen also remained strong, trading around 264.50, up 2.7 percent in two weeks.*

25X1 [] Dealers reported that European and Middle East trading centers sold dollars, and that the Swiss and Italian central banks intervened by buying dollars.

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[] Heavy demand for yen early this week spilled over into European markets as currency traders reacted to calls on the Japanese and West German governments to reduce their large trade surpluses projected for this year, if necessary by re-valuing their currencies. Japanese officials reacted to such criticism by calling on Japanese industry to cut back its export drives and by issuing public assurances that the government would not impede the normal appreciation of the yen through exchange market intervention.

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[] Another major factor that contributed to the dollar sales is the expected size of the US trade and current-account deficits this year. Widespread publicity about these projected deficits developed during a recent meeting of the Organization for Economic Cooperation and Development in Paris.

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[] The continued strength of the West German mark could create difficulties for the Joint European Currency Float. The Scandinavian countries may soon need to realign their currencies again if the mark continues to pull their relatively weak currencies up against non-float currencies, particularly the dollar. []

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